

**CAROLINA POWER & LIGHT COMPANY
d/b/a PROGRESS ENERGY CAROLINAS, INC.**

Historical Financial Statements

Consolidated Balance Sheet as of September 30, 2008

Consolidated Statements of Income for the Nine Months Ended September 30, 2008

Pro Forma Financial Statements

Unaudited Condensed Consolidated Pro Forma Balance Sheet as of September 30, 2008

Unaudited Condensed Consolidated Pro Forma Statements of Income for the Nine Months
Ended September 30, 2008

Unaudited Pro Forma Capital Structure as of September 30, 2008

CAROLINA POWER & LIGHT COMPANY
d/b/a PROGRESS ENERGY CAROLINAS, INC.

CONSOLIDATED BALANCE SHEET

As of September 30, 2008

Incorporated by reference is the Consolidated Interim Balance Sheet dated as of September 30, 2008 and the related Notes to Consolidated Interim Financial Statements per the attached Consolidated Interim Statements dated September 30, 2008.

CAROLINA POWER & LIGHT COMPANY
d/b/a PROGRESS ENERGY CAROLINAS, INC.

CONSOLIDATED STATEMENTS OF INCOME

For the Nine Months Ended September 30, 2008

Incorporated by reference is the Consolidated Interim Statements of Income for the nine months ended September 30, 2008 and related Notes to Consolidated Interim Financial Statements per the attached Consolidated Interim Statements dated September 30, 2008.

CAROLINA POWER & LIGHT COMPANY
d/b/a PROGRESS ENERGY CAROLINAS, INC.

UNAUDITED CONDENSED CONSOLIDATED PRO FORMA
FINANCIAL STATEMENTS

The following unaudited pro forma financial statements of the Company are based on the historical financial statements of the Company appearing elsewhere in this application. These pro forma financial statements have been prepared to reflect the proposed approval requested in this application to authorize the Company to issue and sell up to \$3,025,000,000 of additional debt and/or equity securities (the "Securities"). The proceeds from the issuance and sale of the Securities will be used (i) to finance the construction of new facilities and the maintenance of existing facilities, (ii) to finance the future acquisition of other entities or their assets when such acquisition(s) will benefit the Company in providing reliable electric service to its customers, (iii) to refund, repurchase, retire, redeem or reduce outstanding short- or long-term indebtedness, and (iv) for other general corporate purposes. The actual use of proceeds may differ depending on market conditions and the needs of the Company. The Unaudited Condensed Consolidated Pro Forma Balance Sheet has been prepared assuming that the Securities had been executed on September 30, 2008. The Unaudited Condensed Consolidated Pro Forma Statements of Income for the nine months ended September 30, 2008 have been prepared as if the Securities had been executed at the beginning of the respective period. The following unaudited pro forma financial data is presented for informational purposes only, does not include all results of operations during the application period, and is not necessarily indicative of the results of future operations.

CAROLINA POWER & LIGHT COMPANY
d/b/a PROGRESS ENERGY CAROLINAS, INC.

**UNAUDITED CONDENSED CONSOLIDATED PRO FORMA
BALANCE SHEET**

As of September 30, 2008

(In thousands)

	<u>Historical</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
ASSETS			
Electric Utility Plant, net	\$ 9,173,727	\$ 2,617,974 (A)	\$ 11,791,701
Cash and Cash Equivalents	145,333	-	145,333
Other Current Assets	1,319,689	-	1,319,689
Other Assets	<u>1,853,005</u>	<u>-</u>	<u>1,853,005</u>
Total Assets	<u>\$ 12,491,754</u>	<u>\$ 2,617,974</u>	<u>\$ 15,109,728</u>
LIABILITIES			
Common Stock equity	4,241,441	-	4,241,441
Preferred Stock	59,334	-	59,334
Long-term Debt, net	3,108,071	3,025,000 (A)	6,127,396
		(5,675) (A)	
Current Portion of Long-term Debt	400,198	(400,198) (A)	-
Other Current Liabilities	785,733	(1,153) (A)	784,580
Accumulated Deferred Income Taxes	1,065,358	-	1,065,358
Other Liabilities and Deferred Credits	<u>2,831,619</u>	<u>-</u>	<u>2,831,619</u>
Total Liabilities and Equity	<u>\$ 12,491,754</u>	<u>\$ 2,617,974</u>	<u>\$ 15,109,728</u>

See Notes to Unaudited Condensed Consolidated Pro Forma Financial Statements.

CAROLINA POWER & LIGHT COMPANY
d/b/a PROGRESS ENERGY CAROLINAS, INC.

UNAUDITED CONDENSED CONSOLIDATED PRO FORMA
STATEMENT OF INCOME

For the Nine Months Ended September 30, 2008

(In thousands)

	Historical	Pro Forma Adjustments	Pro Forma
Operating Revenues	\$ 3,382,006	\$ -	\$ 3,382,006
Operating Expenses			
Fuel	1,026,895		1,026,895
Purchased Power	265,943		265,943
Operation and Maintenance	765,970		765,970
Depreciation and Amortization	378,890		378,890
Taxes Other than on Income	151,948		151,948
Diversified Businesses	(5,742)		(5,742)
Total Operating Expenses	2,583,904		2,583,904
Operating Income	798,102		798,102
Other Income	28,092		28,092
Income Before Interest Charges	826,194		826,194
Interest Charges			
Long-term debt	157,207	181,500 (B) (18,134) (B)	320,573
Other interest charges	7,050	(6,641) (B)	567
		158 (B)	
AFUDC - Debt	(7,998)		(7,998)
Net Interest Charges	156,259	156,883	313,142
Income Before Income Taxes	669,935	(156,883)	513,052
Income Taxes	241,582	(61,498) (C)	180,084
Net Income	428,353	(95,385)	332,968
Preferred Stock Dividend Required	2,223		2,223
Earnings for Common Stock	\$ 426,130	\$ (95,385)	\$ 330,745

See Notes to Unaudited Condensed Consolidated Pro Forma Financial Statements.

CAROLINA POWER & LIGHT COMPANY
d/b/a PROGRESS ENERGY CAROLINAS, INC.

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED
PRO FORMA FINANCIAL STATEMENTS**

- (A) To reflect the proposed issuance of \$3,025,000 principal amount of additional long-term debt securities assumed issued on September 30, 2008. Proceeds will be used to pay off long-term debt that matures within the next three years of \$405,873 and short-term intercompany notes payable of \$1,153. Remaining proceeds will be used (i) to finance the construction of new facilities and the maintenance of existing facilities, (ii) to finance the future acquisition of other entities or their assets when such acquisition(s) will benefit the Company in providing reliable electric service to its customers, and (iii) for other general corporate purposes. The actual use of proceeds may differ depending on market conditions and the needs of the Company.
- (B) Increase in total interest expense of \$156,883 driven by (i) the proposed issuance of \$3,025,000 principal amount of additional long-term debt securities assumed issued on January 1, 2008 at an assumed average interest rate of 8.0% (\$181,500), (ii) the retirement of \$400,000 of long-term debt at an annual interest rate of 5.95% (\$17,850), (iii) the retirement of \$6,000 of long-term debt at an annual interest rate of 6.31% (\$284), (iv) the removal of interest expense of \$6,641 associated with short-term borrowings for the first nine months of 2008, and (v) estimated expenses, excluding underwriting fees, of approximately \$158 in connection with the proposed issuance of long-term debt (seven transactions at \$300 per transaction, amortized over 10 years). Underwriting fees may vary significantly depending on the terms of the offering.
- (C) To reflect the decrease in income tax expense resulting from the approximate decrease of \$156,883 in income before income tax. The reduction in income tax expense is calculated based upon an effective rate of 39.2%.

CAROLINA POWER & LIGHT COMPANY
d/b/a PROGRESS ENERGY CAROLINAS, INC.

UNAUDITED PRO FORMA CAPITAL STRUCTURE

As of September 30, 2008

(In thousands)

	<u>Historical</u>		<u>Pro Forma</u>	
Common Stock Equity	\$ 4,241,441	54.3%	\$ 4,241,441	40.7%
Preferred Stock	59,334	0.8%	59,334	0.6%
Long-term Debt, Net	3,508,269	44.9%	6,127,396	58.7%
Short-term Obligations	<u>1,153</u>	0.0%	<u>-</u>	0.0%
Total Capitalization	<u>\$ 7,810,197</u>	100.0%	<u>\$10,428,171</u>	100.0%